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THE REAL RONALD REAGAN WELFARE RECORD

One of the cornerstones of Ronald Reagan's campaign is the image of him as a strong, effective reformer of California's welfare system.

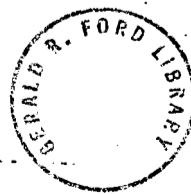
This theme was set in a letter from Senator Paul Laxalt, R-Nev., Chairman of Citizens for Reagan:

"...as Governor of California he was successful in reducing the number of individuals on welfare rolls by 400,000, while at the same time those truly needy individuals received a 43% increase in benefits."

That's the rhetoric. The truth is that Reagan created a worse situation -- one which cost Californians an additional \$100 million.

The deception in Reagan's claims is that he takes credit for a decline in the national unemployment rate which lowered welfare rolls across the country. His policies did little to cause or assist that.

In fact, most of his major reforms were failures. His prepaid health plan idea for Medicaid recipients was scandal-ridden and has been investigated by a number of Federal and State agencies. The General Accounting Office found Medicaid prepaid health programs to be so poorly run by the Reagan Administration that more than 50 percent of the



money went to administrative costs instead of health care.

Reagan's plan to force welfare recipients to work was a total failure. Yet he now apparently proposes to institute his welfare philosophy all over the country.

Let's look more closely at Ronald Reagan on his welfare record.

Q. In general, how successful was Reagan's record on welfare?

A. Not very. The Reagan plan was never fully enacted by the Legislature. Much of what did become law either was invalidated by State and Federal courts or by the Department of Health, Education, and Welfare as being illegal. The programs that remained did not clean up the welfare mess. In some instances, they were incompetently run and scandal-ridden. Forty major lawsuits were lodged against the plan and 32 were successful. In addition, class action lawsuits overturned most of the regressive provisions of the proposals. In general, the only major provision that remained was the "flat grant" schedule, and that increased benefits for 80 percent of the caseload.



Q. Did Reagan's plan actually reduce the welfare rolls by 400,000?

A. No. In 1971 and 1972 the nationwide unemployment rate declined and welfare rolls across the country dropped. California got extra help through a simultaneous decline in the migration of the unemployed into the State.

When Reagan took office in 1967, the annual migration rate into the State was 233,000 persons. By 1971, when Reagan instituted his policies, the rate had declined to 44,000.

Welfare rolls likewise were already well on the decline when the Reagan welfare policies went into effect in October, 1971. Between March and October, 1971, welfare rolls in California declined by more than 110,000 from 1,638,816 to 1,527,601 recipients. Ronald Reagan takes credit for this decline, although his policies were not even in effect yet. When unemployment began to rise in 1974, extended unemployment insurance benefits kept the welfare rolls from rising rapidly.

An additional factor contributing to over-estimations of the caseload reductions was the fact that 20,000 "recipients" were removed from



the rolls due to a correction in the accounting procedures in the largest county, Los Angeles, where persons had previously been counted twice if they received general assistance and emergency AFDC in the same month.

During the eight years of Reagan's governorship, welfare rolls for families nearly doubled; from 729,357 to 1,384,400 recipients and the cost went from \$32.3 million to \$104.4 million. The aged blind and disabled programs went from a caseload of 397,400 in January, 1967, when he took office to 609,000 when he left in January, 1975.

Q. But didn't Reagan's policies save the California taxpayers \$1 billion as he claims?

A. No. The record indicates that the Reagan plan cost California taxpayers an additional \$100 million. These increased expenditures were in such areas as training, job development, day care, family planning, etc. Beyond that, the cost of reinstating those illegally eliminated from welfare has been estimated at \$25 million.

When Reagan instituted his plan in 1971, welfare costs were averaging about \$90 million per month. For his program to save \$1 billion in two years,



welfare costs would have to have been reduced by \$46 million per month. In other words, they would have to average \$44 million dollars per month in 1972 and 1973. Yet, in 1972 and 1973 the monthly average was about \$90 million. Simple arithmetic alone demonstrates that the Reagan plan generated no dramatic savings and the claims of its supporters are clearly wrong. A. Alan Post, California's respected Legislative Analyst, pointed out that under Reagan, California's welfare costs went up 143 percent; under his predecessor, Edmund G. Brown, Sr., they were up 83 percent.

Q. To put welfare recipients to work, Reagan instituted a Community Work Experience Program. How well did this work?

A. It didn't. This was a poorly designed program and it was incompetently run. It was difficult to administer and never touched more than six-tenths of one percent of welfare recipients. Finally, it was strongly resisted by California's counties.

Although the program was intended to have 59,000 participants in the first year in 35 counties, it barely managed 1,100 participants in 10 counties, mostly in rural, farm areas.



While intended to move welfare recipients into regular jobs, only 262 participants found work as a result of the program. The additional cost of running this program was \$1.5 million. To significantly affect the welfare caseload, CWEP would have had to add \$2.5 billion to California's welfare costs. In effect that would triple those costs. Two years after its inception, the Legislature moved to abolish CWEP as a total failure.

Q. What about Reagan's reforms for the Medicaid program?

A. A major Reagan program was the prepaid health plan concept for Medicaid. The program was a scandal. It was mismanaged and poorly regulated by the Reagan Administration. It has been investigated by the Legislature, by the Justice Department, by the General Accounting Office and by other Federal and State agencies. They found it to be a total rip-off.

Most of the money never got to the poor in the form of medical care. Instead, it was siphoned off on the way down by "administrators." In Los Angeles, for example, less than 50 percent of the program funds went to health care. Of the \$56.5 million paid over a two-year period to 15 plans by the State,



only \$27.1 million was spent for health care services. Typical was a plan which received \$9 million from the State. Of this, \$5.5 million went for administrative expenses and profit.

Welfare recipients were tricked or coerced into joining many prepaid plans. The medical care often was of very low quality, even though many doctors were earning more than \$100,000-plus salaries.

Q. Given this situation in California, haven't Reagan's views on welfare changed since he has become a national candidate?

A. Apparently not. To implement what he calls "creative federalism," Reagan would cut from the Federal budget most of the appropriations for social welfare and medical services for the poor.

It then would be up to the States to decide whether they wanted to continue these services with their own revenues or to abandon them.

As for the poor, he added, they could migrate to States that have adequate welfare programs.

"You can vote with your feet in this country," he said. "If a State is mismanaged, you can move elsewhere."



News

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MIAMI--Ronald Reagan's vaunted welfare reform program was a failure that ended up costing Californians an additional \$100 million, HEW Under Sec. Marjorie Lynch said today.

"During the 8 years of Reagan's governership," Mrs. Lynch told a news conference here, "welfare rolls for families nearly doubled--from 729,357 to 1,384,400 recipients and the cost went from \$32.3 million to \$104.4 million.

"Under Reagan, Californian's welfare costs went up 143 per cent; under his predecessor, Edmund G. Brown Sr., they were up 83 per cent."

Mrs. Lynch said Reagan's prepaid health plan idea for Medicaid recipients was scandal-ridden and has been investigated by a number of federal and state agencies.

His Community Work Experience Program, she added was poorly designed, incompetently run and touched only .6 of one per cent of welfare recipients. In taking issue with Reagan's claim that he reduced welfare rolls in California by 400,000, Mrs. Lynch said he takes credit for a decline in the national unemployment rate which lowered welfare rolls across the country.

"His policies did little to cause or assist that," she said.

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the morning

Reagan tips over Sally ----

The Washington Star, Nov. 10, 70

Reagan Trips Over Sally

By John J. Fialka
Washington Star Staff Writer

Few people realize it, but Linda Taylor, a 47-year-old Chicago welfare recipient, has become a major

on Welfare Queen

is charging that she received more

New York Times
January 12, 1976

REAGAN SUGGESTS
POOR CAN MIGRATE

In Washington, meanwhile,
President Ford's campaign or-

The Los Angeles Times, Jan 26, '76

Let 'em Eat Cake—While Migrating

The more Ronald Reagan tries to explain his pro-... where